

Air Pouch PRIORITY		OFFICIAL USE ONLY (Security Classification)		DO NOT TYPE IN THIS SPACE	
FOREIGN SERVICE DESPATCH		448		611.989/12-1360	
FROM :	Ambassador DJAKARTA		DESP. NO.		
TO :	THE DEPARTMENT OF STATE, WASHINGTON		DATE		December 13, 1960
REF :	* 1/18/61		DEC 14 1960		
ACTION FE-4		DEPT. IN OTHER		Rm. 2 LMR-1 7-2	
REC'D 12/27		CIA-10		DSD-4/11/61	
SUBJECT: Text of Technical Assistance Agreement Between Indonesian Navy and U. S. Navy					

Enclosed are four sets of photographic reproductions of the correspondence leading to and text of an agreement of July 29, 1960, relating to the provision of technical assistance to the Indonesian Navy by the Pacific Division, Bureau of Yards and Docks, United States Navy.

For the Ambassador:

Roland H. Bushner
Rolland H. Bushner
Counselor of Embassy for Political Affairs

Enclosures:

1. United States Military Technical Advisory Group (MILTAG), Indonesia, June 8, 1960, note to Indonesian Navy requesting their concurrence for establishment of office to assist Indonesian Navy with its base construction program.
2. Indonesian Navy reply to above note dated June 9, 1960.
3. MILTAG July 19, 1960, note to Indonesian Navy concerning utilisation private U. S. contractor and personnel.
4. Indonesian reply and translation of reply to above note dated July 22, 1960.
5. Text of Technical Assistance Agreement between Indonesian and United States Navy signed at Djakarta July 29, 1960.
6. Project Agreement for Indonesian Naval Base Construction at Ambon signed at Djakarta, July 29, 1960.

POL:BLovin:lmb
REPORTER

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ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

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By *Lat* NARA Date 8/11/00

FE

Enclosure No. 1 Despatch No. 448
Dated Dec 13, 1960 from Djakarta.

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American Embassy
Djakarta, Indonesia

JUN 8 1960

Sir:

I have the honor to inform you that, in order to assist the Indonesian Navy with its base construction program, the Commander in Chief, Pacific, with your concurrence, plans to establish an office of Resident Officer in Charge of Construction in Djakarta.

This office will be empowered to negotiate contracts for the preliminary architectural and engineering surveys for selected naval bases, and will in the future negotiate contracts for such base construction as may be undertaken. The terms under which the Resident Officer in Charge of Construction will carry out contract operations, and the controls to be applied to contractors, will be the subject of future MILTAG-ALRI negotiations.

It is proposed that this office be established as partial implementation of the exchange of notes between Dr. Subandrio and Ambassador Jones dated 13 August 1958.

It is planned to send initially one or more officers of the Civil Engineer Corps of the U. S. Navy, and any future augmentation of his staff will be kept to a minimum. These officers will be members of the Ambassador's suite, and it is understood that while in Indonesia they will enjoy the same privileges and immunities as other such members. It is requested that the Indonesian Navy furnish adequate office facilities, suitable housing, transportation, and such local clerical assistance and office supplies as may be necessary.

Should this arrangement meet with your approval, it is respectfully requested that the Chief, U. S. Military Technical Advisory Group, Indonesia, be so informed. He will have direct command and administrative responsibility for the office.

Accept, sir, the assurances of my highest consideration.

Robert H. Conk
Robert H. Conk
Colonel, Artillery
Chief, U. S. Military Technical
Advisory Group, Indonesia

His Excellency
Rear Admiral R. H. Martadinata,
Chief of Staff,
Indonesian Navy.

MILTAG:JWBowers:ofp

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Enclosure No. 2 Despatch No. 448
Dated Dec 13/1960 from Djakarta.

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Djakarta, June 9th. 1960.-

No. 10/4/12/16

To
Mr. Robert H. Conk /
Colonel, Artillery
Chief U.S. Military Technical
Advisory Group, Indonesia.

Dear Sir,

I am very honored indeed with your letter of June 8th. 1960 concerning the assistance to the Indonesian Navy's base-project by the Miltag.

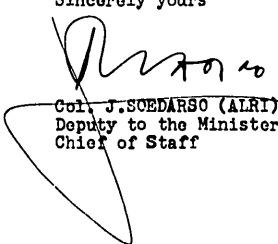
I fully agree that the controls to be applied to the contractors as mentioned in your letter, will be the subject of future Miltag - A.L.R.I. negotiations.

Further it is understood, that your officers in charge of the project, when approved as members of the ambassadors suite, will enjoy all privileges as other such members.

We will do our extreme best to comfort you concerning office and other facilities as requested in your letter and I don't see any objection that you will have direct command and administrative responsibilities for the office mentioned.

I am, dear Colonel,

Sincerely yours


Col. J. SOEDARSO (ALRI)
Deputy to the Minister/
Chief of Staff

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Enclosure No. 3, Despatch No. 448
Dated Dec. 13, 1960 from Djakarta.

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Djakarta, Indonesia.

Sir:

I have the honor to inform you that, in order to assist the Indonesian Navy with its base construction program, in accordance with our exchange of letters dated 8 June 1960 and 9 June 1960, respectively, it is desired to further definitize the accomplishment of our mutual objective, in respect to the employing of contractors.

Accordingly, it has been determined that it is both expeditious and necessary for the U. S. Navy to enter into contracts with private contractors to accomplish the actual A&W survey and construction for the various and different programs. Hence, it is proposed that the U. S. Navy execute such contracts for projects approved by the Indonesian Navy.

It is assumed that all U. S. contractors and their personnel under contract with the U. S. Navy will be accorded the same privileges and rights accorded to contractors and personnel having contracts with other U. S. agencies in Indonesia. The Officer in Charge of Construction will give to the Indonesian Navy official notification of the entry into Indonesia of U. S. business entities and their U. S. personnel who are engaged for the purpose of carrying out the above program.

It is also planned to further implement the concept set forth in our above mentioned exchange of letters by redesignating the title of the Resident Officer in Charge of Construction to Officer in Charge of Construction, Bureau of Yards and Docks Contracts, Indonesia, and to augment that office with a small working staff of U. S. personnel to expedite the program accomplishments.

Should these arrangements meet with your approval, it is respectfully requested that the Chief, U. S. Military Technical Advisory Group, Indonesia, be so informed.

Accept, Sir, the assurance of my highest consideration.

Robert H. Conk
Robert H. Conk
Colonel, Artillery
Chief, U. S. Military Technical
Advisory Group, Indonesia

His Excellency
Rear Admiral R. H. Martadinata,
Chief of Staff,
Indonesian Navy.

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Enclosure No. 4 Despatch No. 448
Dated Dec. 13, 1960 from Djakarta.

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DEPARTMENT OF THE ARMY

Djakarta, 22 July 1960

Ref. No. : M/12/1/8

SUBJECT: MILTAG

TO: Chief, US MILTAG
American Embassy
Djakarta

With reference to your letter dated 19 July 1960, we herewith would like to inform you that basically we can approve the subjects which were indicated in your letter under reference.

The plan which were proposed became apparent that that there is an approved working-system and practice, which creates a proper approach to a good under-standing and team-work, that we are highly appreciative.

We hope that this is sufficient for your information.

Minister/Navy Chief of Staff

S/- R. E. MARTADINATA
R. E. MARTADINATA
Vice Admiral

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DEPARTEMEN ~~KEKAWAKILAN~~
ANGKATAN LAUT
~~BERKAS-BERKAS~~

Harus diterangkan jabatan, nama kapal, asrama atau Djawatan.

Alamat Telegram :

Diminta dengan hormat dalam mem-
balas surat ini, nomor dan tanggal-
nya disebutkan dengan terang.

bagian :

KEPADA

Paduka Tuan Kepala U.S. Military
Technical Advisory Group Indonesia
d/a Kedutaan Besar Amerika Serikat
Dj1.Merdeka Selatan 5,
DJAKARTA.

tanda surat Tuan

surat Tuan tgl.

nomor kami

Tanggal 22 Djuli 19.60.

Perihal: M I L T A G.

Lampiran : -----

Monarik surat Paduka Tuan tanggal 19 Djuli 1960,
bersama ini kami beritahukan, bahwa kami dalam pokoknja
dapat monjetudjui apa jang dimaksud dalam surat terse-
but diatas.

Rontjana jang diusulkan itu adalah suatu bukti
atas tjara kerdja jang bordaja-guna dan praktis.

Disamping itu kami mongutjapkan penghargaan kami
atas usaha kerdja-sama dan pengertian jang baik itu.

Sekian dan agar Paduka Tuan maklum adanja.--

MENTERI KEPALA STAF ANGKATAN LAUT,



R. S. HARTADINATA
KARSAWANA MODA LAUT

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Enclosure No. 5 Despatch No. 448
Dated Dec 13/1960 from Djakarta.

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This agreement is in furtherance of the exchange of notes between the United States Military Technical Advisory Group, Indonesia (MILTAG) dated June 8, 1960 and July 19, 1960, and the Chief of Staff, Indonesian Navy, dated June 9, 1960 and July 22, 1960, and is made and entered into this 29th day of July 1960, by and between the Indonesian Navy and the Pacific Division, Bureau of Yards and Docks, United States Navy, for the purpose of setting forth the mutual understanding and agreements under which the Officer in Charge of Construction (OCC), Bureau of Yards and Docks Contracts, Indonesia, will provide the Engineering Services and Technical Advice to the Indonesian Navy in connection with a Naval Harbor and Base Development Program in Indonesia.

Accordingly, it is mutually agreed and stipulated that:

1. The scope of the engineering services and technical advice to be furnished the Indonesian Navy by the OCC shall be in accordance with that set forth in the finally approved MBP program for the respective fiscal year and jointly approved by the Indonesian Navy and Military Technical Advisory Group (MILTAG), and shall be supplied as specified in individual project agreements executed in furtherance of this agreement.
2. The OCC may accomplish planning, design, and/or construction of approved projects by means of contracts with United States, Indonesian, or approved third country architectural-engineering or construction firms. These contracts will be awarded and administered by the OCC in accordance with standard Bureau of Yards and Docks contracting procedures, except that prior approval of the Indonesian Navy will be obtained before negotiating or inviting bids.
3. The United States personnel comprising the OCC staff shall enjoy the same privilege and immunities as extended to United States Embassy personnel of equal standing. The number of United States personnel comprising the OCC staff shall be limited to the minimum required to provide the specified engineering services and advice, and shall be subject to the prior approval of the Indonesian Navy before entrance into Indonesia.

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4. Non-Indonesian firms, corporations, or other business entities under contract with the OECG in connection with or furtherance of project agreements executed under this agreement shall be exempt, to the extent permitted by the laws of Indonesia, from any corporate, franchise or general excise tax, license, or professional fee, or other forms of taxation which may now or hereafter be imposed thereon by the laws of Indonesia.

5. United States and non-Indonesian citizens, including dependents, who are employees of firms under contract with the OECG and who are present in Indonesia primarily in connection with, or in furtherance of, project agreements executed under this agreement shall be exempt, to the extent permitted by the laws of Indonesia, from direct taxation which may now or hereafter be imposed thereon by the laws of Indonesia. They shall also be exempt from all personal or property taxes or levies and from all customs levies applying to such items as are imported in reasonable amounts for their own use and consumption. All such items so imported and not consumed or otherwise used shall be re-exported upon completion of the term of duty in Indonesia. The number of United States and non-Indonesian citizens, including dependents, who are employees of firms under contract to the OECG and are present in Indonesia shall be limited by the OECG to the minimum number required for the performance of contract obligations and shall be subject to the prior approval of the Indonesian Navy before entrance into Indonesia.

6. In the event that any direct taxes, duties, or customs levies, licenses or fees, referred to in paragraphs 4 and 5 of this agreement, are levied or imposed by the Government of Indonesia or by any Governmental sub-division thereof, on any non-Indonesian firm or employees thereof, including dependents, and exemption thereof is not granted or permitted under the laws of Indonesia, the Indonesian Navy agrees to assume full responsibility for the payment or settlement of all such taxes, duties, customs levies, licenses, or fees on behalf of the firm or individual upon which it has been imposed or levied.

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Indonesian Navy will assume full responsibility for the payment or settlement of all taxes, customs duties or levies imposed or levied upon any materials, machinery, equipment, or other requisites imported into Indonesia by the OEC or firms under contract to the OEC which are required in connection with or the furtherance of this agreement or any project agreement executed in furtherance of this agreement. In the event of controversy or misunderstanding, the Indonesian Navy agrees to accept the certification of the OEC as to the requirements for importation of the type and quantities of materials, machinery, equipment, or other requisites.

8. The OEC will use its best efforts to assure that all employees of the OEC while in Indonesia, will abide by all applicable laws and ordinances and regulations of Indonesia and governmental sub-divisions thereof, and will not engage in Indonesian internal political activities and will not directly or indirectly engage in or make investment in any Indonesian business, profession or occupation.

9. The OEC or the firms under contract with the OEC, will be responsible for the payment, in U.S. dollars or Indonesian rupiah, of all applicable salaries, allowances, cost of travel outside of Indonesia, and cost of transportation of personal or household effects outside Indonesia for all personnel, including dependents, who enter Indonesia in connection with or in furtherance of this agreement or any project agreement executed under this agreement.

10. The OEC or firms under contract with the OEC shall be responsible for the payment or settlement of charges or costs incurred in the international transportation of materials, machinery, equipment, and other requisites imported into Indonesia by the OEC or firms under contract with the OEC.

11. The Indonesian Navy shall be responsible for insuring the availability of transportation facilities required for the expeditious transportation of all materials, machinery, equipment, or other requisites imported into Indonesia, from the port of importation entry to the site or location of the specific project.

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12. The OEDC and staff shall use their best efforts to impart their technical knowledge to and to train Indonesian counterpart personnel.

13. The Indonesian Navy will be represented by a technical liaison staff headed by the Base Planning Officer, or such other officer as may be designated by the Indonesian Navy. This technical advisory staff will provide the OEDC and staff with technical advice and other related data as required for the proper planning and coordination of the requirements of the Indonesian Navy with respect to development of approved projects under this agreement. The OEDC and staff shall coordinate and cooperate fully with the Base Planning Officer and staff in the development of mutually approved projects.

14. The Indonesian Navy shall employ and pay the salaries of local labor and employees as required and requested by the OEDC in the furtherance of individual project agreement.

15. The Indonesian Navy shall provide the OEDC and staff all required air and surface transportation within Indonesia, where available, when such personnel are performing services under this agreement or project agreements executed under this agreement.

16. The Indonesian Navy shall provide the OEDC with all miscellaneous local supplies or services required in connection with this agreement or project agreements executed under this agreement.

17. The Indonesian Navy shall provide the OEDC a headquarters office in Djakarta and possible local offices at each individual project site. Such offices shall be of adequate space and be equipped with utilities, furnishings, and communication facilities. The headquarters office in Djakarta to be provided at the earliest practical date, shall be of approximately 700 square meters of useable floor space and shall include suitable toilet facilities. However, it is agreed that the Indonesian Navy, may provide an interim headquarters office in Djakarta of lesser but adequate size.

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18. The Indonesian Navy shall use its best efforts to provide, at its own expense, suitable living quarters in Djakarta or the vicinity thereof for the OIEC and his dependents. These quarters shall also include telephone facilities. Suitable bachelor living quarters shall also be provided for United States employees of the OIEC. These quarters are to be equivalent to the normal local standard of living accommodations available to persons of equal standing. In the event that the Indonesian Navy cannot provide such living quarters, then, at the option of each U.S. personnel, the Indonesian Navy will provide suitable hotel accommodations in the vicinity of Djakarta.

19. The Indonesian Navy shall use its best efforts to assist the OIEC in obtaining a minimum of four (4) suitable living quarters in the vicinity of Djakarta for U.S. civilian personnel, including dependents. All costs in connection with rent or lease charges for these quarters will be the responsibility of the OIEC or of the U.S. personnel concerned. These quarters in addition to the quarters for the OIEC discussed in paragraph 18. above.

20. The Indonesian Navy shall furnish suitable hotel or living accommodations for U.S. Navy officials or employees on temporary duty in Indonesia in connection with the execution of this agreement or of project agreements executed in furtherance of this agreement.

21. The Indonesian Navy shall furnish or use its best efforts to assist the OIEC in obtaining suitable hotel or living accommodations in the vicinity of Djakarta and/or the project sites, for employees of firms under contract with the OIEC in connection with or in furtherance of this agreement or of project agreements executed under this agreement.

22. The classification of individual projects or portions thereof shall be specified in the project agreements. In connection with the planning, design or construction of classified facilities, the Indonesian Navy shall grant appropriate clearances for work in connection with same to all applicable firms including the employees thereof, which are under contract to the United States Navy for the performance of said classified work, upon the certification of the OIEC.

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is intended that each individual project agreement will specify which costs and expenses in connection with the project are to be provided for by the Indonesian Navy and which are to be provided for by the United States Navy.

24. The OEC shall provide the Indonesian Navy with the estimated cost in rupiah of the labor, supplies, and services stipulated in this agreement to be provided by the Indonesian Navy, and shall assist the Indonesian Navy in determining the estimated costs and expenses referred to in paragraph 23.

25. The provisions of this agreement shall apply to each project agreement executed in furtherance of this agreement unless said project agreement shall specifically state otherwise.

26. This agreement may be modified or changed upon mutual consent and approval of both parties.

THIS AGREEMENT is executed in INDONESIAN and ENGLISH, each of which is of equal validity.

THE PARTIES have hereto affixed their signatures in agreement to mutually abide by the provisions of this project agreement.

Djakarta 29 July 1960.

FOR THE UNITED STATES NAVY

FOR THE INDONESIAN NAVY

HSC
H. G. CLARK
REAR ADMIRAL, CMC, U.S. NAVY
DIRECTOR, PACIFIC DIVISION
BUREAU OF YARDS AND DOCKS

R. H. H. H. H.
R. H. H. H. H.
REAR ADMIRAL, INDONESIAN NAVY
MINISTER/CHIEF OF STAFF

SATISFACTORY TO:

R. H. H. H.
R. H. H. H.
COLONEL, AMERICAN
CHIEF, DJAKARTA, MILKAG

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Enclosure No. 6 Despatch No. 448
Dated Dec. 13 1960 from Djakarta.

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PROJECT NO. ALRI 1-60

PROJECT TITLE: Base Development Plan and Design for Base Construction at
Halang (Ambon)

**TARGET DATE
FOR COMPLETION** 31 March 1961.

PROJECT AGREEMENT

This agreement made and entered into this 29th day of July 1960 between the Indonesian Navy and the Officer in Charge of Construction, BuDocks Contracts, Indonesia (OIOC) is in furtherance of the TECHNICAL ASSISTANCE AGREEMENT executed on July 29, 1960, between the Indonesian Navy and the Pacific Division, Bureau of Yards and Docks, U. S. Navy.

Accordingly it is mutually agreed and stipulated that:

(1) The OIOC will provide the Indonesian Navy, by means of an Architectural-Engineering services contract with PACIFIC ARCHITECTS AND ENGINEERS, a United States firm, the following engineering study and design services:

- (a) A Base Development Plan for the Indonesian Naval Base at Ambon, including appropriate estimates of construction costs.
- (b) Final contract drawings and specifications for a pier.
- (c) Final contract drawings and specifications for PGL storage.
- (d) Final contract drawings and specifications for additional water supply and distribution.
- (e) Final contract drawings and specifications for additional electric power generation and distribution.
- (f) As possible, within existing U. S. Navy fund limitations for this project, provide final contract drawings and specifications for the following facilities:
 - (1) ammunition storage
 - (2) ship repair shops and equipment
 - (3) spare parts storage
 - (4) refrigerated storage
 - (5) general dry storage
 - (6) public works facilities

in an order of priority as established by mutual agreement between the Indonesian Navy and MILTAG.

(2) The OIOC will pay all costs and expenses, whether in U. S. dollars or Indonesian rupiah, required for the satisfactory fulfillment of obligations incurred by the contract to be executed between the United States Navy and Pacific Architects and Engineers, for the provision of the engineering services stipulated in this agreement.

(3) The Indonesian Navy shall provide a minimum of one (1) boat and one (1) barge, including necessary crews, for the use of Pacific Architects and Engineers, in obtaining and collecting of engineering data regarding harbor and tide conditions at Halang. The barge shall have at least ten (10) square meters of usable deck space and suitable means of anchoring in a fixed position.

(4) This project shall be unclassified except for details concerning the location of the ammunition storage facility and the quantity and type of ammunition to be stored, which shall be classified CONFIDENTIAL.

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THE PARTIES have herewith affixed their signatures in agreement to mutually abide by the provisions of this project agreement.

Djakarta 29 July 1960.

FOR THE UNITED STATES NAVY

R. W. Loomis
R. W. LOOMIS
LIEUTENANT COMMANDER, CHS, U.S. NAVY
OFFICER IN CHARGE OF CONSTRUCTION
BUREAU OF YARDS AND DOCKS CONTRACTS
INDONESIA

FOR THE INDONESIAN NAVY

Ali Sadikin
ALI SADIKIN
COLONEL
UNDER SECRETARY OF THE INDONESIAN
NAVY
(PUNAL)

SATISFACTORY TO:

Robert E. Cook
ROBERT E. COOK
COLONEL, ARTILLERY
CHIEF, DJAKARTA, MILTAG

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